

Douglas E. Bowers, Executive Editor
Carolyn Rogers, Associate Editor
Dale Simms, Managing Editor
Victor B. Phillips, Jr., Layout and Design

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J. Norman Reid, USDA,
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Editor's Notebook

This issue of *Rural Development Perspectives* features several articles devoted to the problem of rural poverty. Leslie A. Whitener and Timothy S. Parker begin with the minimum wage issue. Recent proposals in Congress would increase the minimum wage to \$6.15 per hour, a dollar higher than the current rate. Whitener and Parker conclude that rural areas would be more affected by the change than urban areas and that the change would largely benefit full-time, adult workers and many who now live in poor families. The proposed increase would not entirely make up for the effects of inflation but, in conjunction with the Earned Income Tax Credit, would raise many poor families above the poverty line.

The Empowerment Zone/Enterprise Communities program is the most recent and wide-ranging effort by the Federal Government to target rural development assistance to the neediest areas. J. Norman Reid describes the program and its early results. By encouraging communities to make long-term plans with clear benchmarks and by providing funding over a 10-year period, the EZ/EC program has fostered local initiative and boosted morale. Already the program has created thousands of new jobs and improved the infrastructure in the 33 communities affected by the initial round.

One region that has received special Federal assistance for a number of years is Appalachia. Faqir S. Bagi, Richard J. Reeder, and Samuel D. Calhoun find that, while Appalachia as a whole receives relatively high levels of Federal funds, rural Appalachian counties receive less per capita than urban ones. Among rural counties, mining counties and those with high poverty got the most benefit from income support payments but less from development programs. Changes in Federal policy could significantly help the region.

Economic restructuring has caused millions of American workers to lose their jobs. In the 1980's, rural areas suffered disproportionately from worker displacement, especially in goods-producing industries. Karen Hamrick's article reveals that in the 1990's, rural and urban areas have had equal displacement rates. Nonmetro displaced workers between 1993 and 1995 were less educated but found jobs faster and lost less in earnings than their metro counterparts.

Financial markets serve rural areas well, according to Robert N. Collender, Patrick J. Sullivan, Daniel L. Milkove, and Faqir S. Bagi. Interest rates and other loan terms are comparable in rural and urban areas. Funds have been ample for rural loans but the structure of rural financial markets remains a cause for concern. Small rural communities often have less competitive financial markets, which can put them at a disadvantage because of the segmented nature of financial markets.

Proposed new tobacco legislation could have important repercussions for tobacco-growing communities, according to Fred Gale's article. Recent and proposed changes in tobacco laws may reduce demand for tobacco products and end the tobacco program, which has protected farm income. Tobacco no longer accounts for a high percentage of income in most tobacco areas, but the ending of programs would likely hurt those areas with high production costs and small farms.

Our indicators article by Penni Korb focuses on farmers and their spouses who spend time working off the farm. The 1994 Agricultural Resource Management Study survey asked respondents why they chose to work in off-farm jobs. In most farm households, at least one person works off the farm and such households usually have higher incomes than those where income comes from the farm only. More than a third of farm families used off-farm income to help pay farm expenses but most took outside work for reasons not related to farming. Off-farm jobs help even out the variability of farm income.

Douglas E. Bowers

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